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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

September 30, 2013

David L Penney  
Penney's Gemstones LLC  
P.O. Box 312  
Beaver, Utah 84713

Subject: Deficient Amended Notice of Intention to Commence Small Mining Operations, Penney's Gemstones LLC, Sliver 3&4 Mine, S/001/0057, Beaver County, Utah

Dear Mr. Penney:

The Division recently received an amendment to the Sliver 3&4 Notice of Intention to Commence Small Mining Operations (Notice). The following items will need to be addressed before the amendment can be approved:

1. Page 2 - Please include the mine name.
2. Page 2 - Identify yourself as the authorized officer.
3. Page 2 - The business entity number is invalid. State your number (4925197-0160).
4. Page 2 - Identify yourself as the registered agent, consistent with the business registration.
5. Page 5 - Identify the BLM as mineral owner, and provide their field office address.
6. Page 5 - Provide the BLM Project File Number, which is UTU-89676.
7. Page 6 - Remove "mining" from the pre- and post-mining land use.
8. Page 6 - Correct the legal description to be both the SW $\frac{1}{4}$ , and the W $\frac{1}{2}$  of the SE $\frac{1}{4}$ .
9. Page 7 - Remove or complete the following incomplete sentence: "Any ore and including the current gemstone to be mined anywhere within the claimed acreage."
10. Page 7 - Please identify more specifically the minerals to be mined. The Division suggests including the terms picasso marble and variscite to describe the minerals as was done in the existing Sliver 3&4 Notice.
11. Page 7 - Report the total maximum amount of material that you anticipate to move in tons or cubic yards, rather than the annual production.
12. Page 7 - Remove the statement that the operations area will encompass the entire Sliver 3 and Sliver 4 claim area (which is 40 acres). The Notice indicates elsewhere that you plan to disturb a maximum of 10 acres.



13. Page 8 - In section 6, identify the width of the "new" road (needing reclamation). An October 2002 BLM letter states that 4940 feet of road is 12 feet wide.
14. Page 8 - Revise the existing disturbance acreage to 5.5 acres (measured by GPS). Report the total acreage of 10 acres (rounded up) in the space provided in section 8 of the operation plan.
15. Location Map - Provide a general location map identifying the access roads from Milford.
16. Operation Map - Modify the new, smaller-scale maps to show the location and approximate dimensions of the following:
  - a. The area planned to be disturbed,
  - b. Any disturbance for which you are not responsible, and
  - c. Proposed topsoil stockpile locations.
17. Reclamation Contract – Submit a signed and notarized copy of the contract (attached).

Based on the statement in the description on the operations that the disturbance will be 10 acres, the required reclamation surety is \$60,200 as shown in the table below. The Division understands, however, that you may only be planning to disturb six acres. In this case, the Notice needs to clearly state the acreage, the maps need to show a six-acre area that would be disturbed, and the surety amount would be \$38,600.

Disturbance <sup>1</sup> (acres)	Adjusted 3-yr Reclamation Surety Costs (2013)		
	First Acre <sup>2</sup> (3-yr)	Subsequent Cost/Acre	Total - 3 yr (thru 2016)
1	\$9,400	\$5,200	\$9,400
2	\$9,400	\$5,200	\$14,600
3	\$9,400	\$5,200	\$19,800
4	\$9,400	\$5,200	\$25,000
5	\$9,400	\$5,200	\$30,200
6	\$11,600	\$5,400	\$38,600
7	\$11,600	\$5,400	\$44,000
8	\$11,600	\$5,400	\$49,400
9	\$11,600	\$5,400	\$54,800
10	\$11,600	\$5,400	\$60,200

<sup>1</sup> Measured disturbance is rounded up to the next full acre.

<sup>2</sup> The cost for the 1<sup>st</sup> Acre includes equipment O&M and labor, plus mob/demob, third-party and indirect costs. The sixth acre includes additional mob/demob.

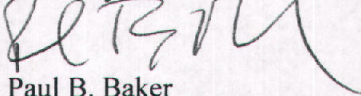


David Penney  
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Please provide your response using Form MR-REV-SMO/EXP, available on the Division's web site. Contact Penny Berry at 801-538-5291 if you have any questions regarding forms of reclamation surety.

Please call Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have any questions regarding this letter. In reply, please refer to file number S/001/0057. Thank you for your cooperation.

Sincerely,



Paul B. Baker  
Minerals Program Manager

PBB: pnb, eb  
Enclosed: Reclamation Contract (MR-RC-SMO)  
cc: Ed Ginouves, BLM-Cedar City (eginouve@blm.gov)  
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